



2011 SENATE BILL 363

January 5, 2012 - Introduced by Senator GROTHMAN, cosponsored by Representatives JACQUE, KOYENGA, RIVARD and STROEBEL. Referred to Joint Survey Committee on Tax Exemptions.

1 **AN ACT to create** 77.54 (60) of the statutes; **relating to:** a sales and use tax
2 exemption for items and services sold as part of a lump sum contract.

Analysis by the Legislative Reference Bureau

This bill creates a sales and use tax exemption for items and services sold as part of a lump sum contract. Under the bill, a lump sum contract is a contract to perform real property construction activities and for which the contractor quotes the charge for labor, services of subcontractors, and materials as one price, including a contract for which the contractor itemizes the charges for labor, services of subcontractors, and materials as part of a schedule of values or similar document.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 77.54 (60) of the statutes is created to read:
4 77.54 (60) (a) In this subsection, "lump sum contract" means a contract to
5 perform real property construction activities and to provide tangible personal

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1 property, items or property under s. 77.52 (1) (b) or (c), or taxable services and for
2 which the contractor quotes the charge for labor, services of subcontractors, tangible
3 personal property, items and property under s. 77.52 (1) (b) and (c), and taxable
4 services as one price, including a contract for which the contractor itemizes the
5 charges for labor, services of subcontractors, tangible personal property, items and
6 property under s. 77.52 (1) (b) and (c), and taxable services as part of a schedule of
7 values or similar document.

8 (b) The sales price from the sale of and the storage, use, or other consumption
9 of tangible personal property, items and property under s. 77.52 (1) (b) and (c), and
10 taxable services that are sold by a contractor as part of a lump sum contract, if the
11 total sales price of all such taxable products is less than 10 percent of the total
12 amount of the lump sum contract. Except as provided in par. (c), the contractor is
13 the consumer of such taxable products and shall pay the tax imposed under this
14 subchapter on the taxable products.

15 (c) If the lump sum contract is entered into with an entity that is exempt from
16 taxation under sub. (9a), the contractor is the consumer of all taxable products used
17 by the contractor in real property construction activities, but the contractor may
18 purchase without tax, for resale, tangible personal property, items and property
19 under s. 77.52 (1) (b) and (c), and taxable services that are sold by the contractor as
20 part of the lump sum contract with the entity and that are not consumed by the
21 contractor in real property construction activities.

SECTION 2. Initial applicability.

22 (1) This act first applies to contracts entered into on the effective date of this
23 subsection.
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SECTION 3. Effective date.
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